

April Armbrust (Parnell)

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Quote of the Week

"We wanted to have no rules. Correspondingly, that will be the foundation of our relationship with these new venues."

— Nathan Hubbard, CEO of Live Nation Ticketing, on adding some SMG venues as clients of the new ticketing company

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Greetings April,

Welcome to VT Pulse, your weekly guide to the "News Behind the Headlines." Dave Brooks is reporting from the Arena Management Conference in Kansas City.



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VT NEWS

TRAVELOG

ARENA MANAGERS CONVERGE ON THE TAIL OF TWO MAJOR DEALS



This year's Feld dinner party took a somber tone as hundreds in attendance sent a message of hope and friendship to longtime Feld employee Mark "Radar" Hennan. All in attendance wore commemorative orange wristbands to send the arena icon who has just undergone surgery for cancer thoughts of recovery. (VT Photos)

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SHORT TAKES

>> GLOBAL SPECTRUM SEALS THE DEAL — The Miami Beach City Commission has given final approval of the contract with Global Spectrum as the new operator for the Miami Beach Convention Center. (VT Pulse, July 16). Global Spectrum also created a strategic alliance with European-based Messe Schweiz, the Swiss company that owns Art Basel Miami Beach and 20 other trade and consumer shows, to bring new and additional international shows to the million-square-foot venue. *Contact: Ike Richman, (215) 389-9552*



CONTACT US

To submit news or information, contact:

Linda Deckard
Publisher, Editor-in-chief
(714) 378-5400, ext. 22
linda@venuestoday.com

Dave Brooks
Senior Writer & Assignment Editor
(714) 378-5400, ext. 24
dave@venuestoday.com

Rob Ocampo
Hot Tickets/Top Stops Manager
(714) 378-5400, ext. 21
rob@venuestoday.com

For advertising information, contact:



Marty Bechtold, AEG, from the Conseco Fieldhouse in Indianapolis spends a moment with Denny Magruder from WesBanco Arena in Wheeling, W.Va. and his wife Barbara Magruder; (right) John Bolton of the BOK Center in Tulsa, Okla., joins AMC Chair Kim Bedier of the Comcast Arena in Everett, Wash., and John Fuhrmann of the Neal Blaisdell Center in Honolulu. (VT Photos)

KANSAS CITY, MO. — IAAM's Arena Management Conference closed Tuesday at the offices of HOK Sport Venue Entertainment, marking a symbolic end to a news-filled gathering. While HOK's buyout, and subsequent planned name change, would come to be a smaller story in the face of two gigantic deals announced last week, the sentiment of industry shift wasn't lost on the 240+ attendees of this year's event.

The conference began just four days after Kenneth Feld announced he was purchasing Live Nation Motor Sports in a deal estimated in value at \$205 million (VT Pulse, Sept. 10). Two days later, Live Nation announced it had struck a deal to provide ticketing for all of SMG's North American facilities starting at the end of 2009, a proclamation that drew a strong response from Ticketmaster CEO Sean Moriarty.

The two announcements couldn't have been more diametrically opposed. Feld's news brought a sense of certainty to the industry, unveiled in a grand fashion with an amusing photo op, a panel featuring Feld himself and his two daughters Alana and Nicole Feld, and a well-attended dinner party. Live Nation's announcement was more cryptic, unveiled in sound-bite laden press releases and a lack of attendance here by executives from either SMG or Live Nation.

That left arena managers to speculate about how they expected the deal to shape the industry.

"We're not going to know enough until it happens. We have to see how the system works and there's a number of municipalities involved with their own contracts, which prevents someone from just coming in and doing business," said John Fuhrmann of the Neal Blaisdell Center in Honolulu.

The municipal government issue will be the main sticking point for any discussion going forward, said Fred Maglione of New Era Tickets. He said he expected that Live Nation overstated the scope of their deal since many ticketing contracts for government-owned buildings must be approved locally.

"SMG has a fiduciary duty to maximize revenues for its clients, and that can't be done with across-the-board deals," he said. "The ticketing companies love this because it gives us a reason to go to these municipal governments and make our case for our platforms."

During a panel on ticketing, Jeff Kouts from AudienceView, said facilities might have to consider signing non-exclusive ticket deals if it means competing for Live Nation shows. Maglione said he was strongly opposed to that idea, but New Era Tickets client Kim Bedier from the Comcast Arena in Everett, Wash., said these types of deals might become a reality if community leaders pressure her to bring in more Live Nation concerts.

"I am in a challenging position because there are so many other venues in my market — there are 10 other locations where a promoter can go. If I want to get the business I have to figure out a way to make it work," she said.

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Venues Today
P.O. Box 2540
Huntington Beach, California 92647

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Sue Nichols
Eastern U.S.
(615) 662-0252
sue@venuestoday.com

Pauline Davis
Texas
(615) 243-7883
pauline@venuestoday.com

Rich DiGiacomo
Mid & Western U.S.,
International
(310) 429-3678
rich@venuestoday.com

April Armbrust
Director of Marketing &
Sales
(714) 378-0056
april@venuestoday.com

**To update a Fair or
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Guide, contact:**

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**The Bruce Mason
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Of course losing her ticketing revenue isn't appealing either, nor is facing the possibility of losing the ticketing infrastructure that comes with exclusive ticket deals; everything from software to handheld scanners and access control devices are usually provided in the ticketing contract.

"The operating costs to a venue would greatly increase because exclusivity is what allows the ticketing company to provide infrastructure," said Fuhrmann. "When I settle a show, I need to know how the system works, what all the reports mean, and that's difficult enough as it is in a multi-use facility."

Trying to settle a show using an unfamiliar ticketing system would be even more difficult, and it might provide the promoter with competitive information that the venue might not want Live Nation to have.

David Ross of the Show Me Center in Cape Girardeau, Mo., said the market hasn't finished aligning itself, and future acquisitions and large-scale deals will likely continue to shape the pace of the industry.

"Maybe Ticketmaster will get into the promoting game, but I don't see that happening either," he said. "It's the two giants that are moving around and everyone else is looking for a safe corner so they don't get stepped on."— Dave Brooks

Interviewed for this story: John Fuhrmann, (808) 527-5400; Fred Maglione, (610) 854-1100; Kim Bedier, (425) 322-2611; David Ross, (573) 651-2297



TICKETING LIVE NATION UNVEILS A TICKETING-AND-CONTENT STRATEGY WITH SMG DEAL

With Sean Moriarity, CEO and president of Ticketmaster, declaring it "theatrics" and SMG revealing little detail, the announcement that SMG and Live Nation have reached a ticketing agreement that will change the business someday down the road is having more immediate impact on the stock market than in the business.

The basics are that Live Nation Ticketing has signed a seven-year deal with SMG to provide ticketing services when qualifying venues in the SMG family come up for renewal and if contractual obligations do not require competitive bids first. And only in North America.

It is a coup for the fledgling Live Nation Ticketing, which debuts in America in January 2009 at Live Nation-owned venues that had themselves been Ticketmaster accounts.

Mike Evans, senior vice president, SMG, who books events into SMG-managed arenas and stadiums, considers the Live Nation alliance to be a great aid to the booking process. "Our clients are looking to maximize their financial returns and they're also looking for bookings and content and service to themselves and their constituents, the community that attends events there. Looking at all of our options, we believe the best way to accomplish those goals is to ally ourselves with Live Nation Ticketing. It will help us obtain Live Nation events, but I think it also gives us flexibility to work with other promoters and gives the venues a state-of-the-art ticketing system."

Evans said the model for Live Nation Ticketing "is totally different than the model that exists now," adding that "we're in control of more things. If we have a better system for marketing events and following through on the different Internet initiatives and things like that, it benefits

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all promoters.”

Nathan Hubbard, CEO of Live Nation Ticketing, said the platform, licensed from CTS, will be used by Live Nation first in Europe. “We’re getting ready frankly in the coming weeks to go live with it in a number of European countries - the Netherlands and Sweden, Central Eastern Europe as well. It’s being used now in Germany. But obviously, as your readers will understand, there is a fairly significant difference between how ticketing works in North America versus Europe. The great thing about the CTS platform is that we can have a truly global platform working with them but one that is still localized and adapted from a feature and functionality – language, currency and more – standpoint to meet the needs of the local market.

“As a business, Live Nation decided to vertically integrate into ticketing because we wanted full control of our tickets, our inventory, our brand, our data and our customer experience and that, fundamentally, is the model we will bring to these other venues. We wanted to have no rules. Correspondingly, that will be the foundation of our relationship with these new venues. We believe we will help them strengthen their brand. We’re going to help them build, deeper, longer lasting, more loyal, more profitable relationships with the fans that come through their turnstiles for every event.”

The SMG deal involves a projected 25 million tickets over seven years, Hubbard confirmed. The CTS software is currently in use in Germany and across Europe. “There are things about its technology that make it fan friendly. You can see for yourself in the front-end user experience, whether it’s the ability to select your own seat or the way the underlying technology will let us take advantage of everything from affiliate to social networking to mobile. It’s why we went to CTS. When we looked at their platform and the work they did for the World Cup where they very creatively used RFID technology to dramatically cut back on fraud around that event to some of their user experience things related to the platform, that’s why we selected it.”

But Hubbard added there will be differences and adaptations in the North American market well beyond the fact it’s in English. “The underlying framework is there. It sells 60 million tickets in 2007 for CTS so it’s very robust and I think a proven platform,” Hubbard added. “We believe we will bring a user experience that is advanced from the current ticketing platforms today.”

Asked whether Live Nation Ticketing venues would receive preferential promoting and booking treatment from Live Nation Hubbard said, “No, this deal stands on its own.”

Not all SMG venues are Ticketmaster venues. Just this month, SMG opened the BOK Center, Tulsa, under contract to Tickets.com. And not all contracts renew at the same time. Therefore, there is no wholesale jump to Live Nation Ticketing in January. The first renewal option isn’t until the end of 2009 and then various clients would make the change extending well beyond 2010.

That point was singled out by Moriarty in a statement which called the Live Nation/SMG alliance announcement “theatrics” and stressed it will have no short term impact on Ticketmaster, which, by the way, just signed an extension of its global master agreements with SMG through the end of 2010. Moriarty also said SMG ratified multi-year contract extensions with Ticketmaster on half of the buildings they manage and Ticketmaster serves.

Moriarty said Ticketmaster sold 141 million tickets in 2007. Less than 250,000 are “at possible risk with SMG in 2009.” Longterm, Moriarty went so far as to state that “if SMG makes decisions which no longer reflect the best interests of their clients, the results will be obvious - and causes us to consider whether we should enter the venue management business as well.” Ticketmaster’s Albert Lopez referred VT to the statement and said Ticketmaster would

have no further comment.

Evans said only a small fraction of the venues SMG manages actually require competitive bidding for contracts like ticketing. "The majority require us to make that decision." He did not know how many buildings were in the traunch that just extended with Ticketmaster for two more years.

Evans, booking with all promoters and producers, is looking at the bigger picture as it is colored by the Live Nation Ticketing deal. He believes it will give SMG an edge with Live Nation promoters. But he doesn't expect it to sabotage work with AEG, Nederlander or independent promoters.

"There isn't a promoter out there we haven't worked with to find a way to meet their individual needs. Some need marketing, some need financial help, some need operational help. This doesn't do anything but enhance our relationship with promoters because it gives us more flexibility," Evans said.

"We've enjoyed a great relationship with Ticketmaster. They've been an important vendor to us. I'm sure they will continue in a lot of buildings to be an important vendor to us. But the ability to attain additional Live Nation events, to give us increased flexibility and to give the buildings a state of the art ticketing system, that's what we're focused on," Evans said. — Linda Deckard

Interviewed for this story: Mike Evans, (215) 592-6640; Nathan Hubbard, (310) 867-7000; Albert Lopez, (310) 360-2602F

FAIRS & FESTIVALS

RNC, 'STAYCATIONS' HAVE LITTLE IMPACT ON MINNESOTA STATE FAIR



Riders approach the coliseum at the Minnesota State Fair.

Attendance was up slightly at the Minnesota State Fair, St. Paul, at 1,693,263 over last year's 1,681,658 for an increase of 11,605 patrons.

On the last Saturday of the Aug. 21-Sept. 1 fair, attendance reached 209,399, which, while not a record (225,249 attended on that same Saturday in 1995), exceeded any daily attendance figure in recent years.

Food spending was up six percent, due mostly to price increases, and the independent midway gross of \$5.5 million was 1.8 percent less than last year, said GM Jerry Hammer and deputy GM Jim Sinclair.

But Hammer did not attribute any spending increases to people staying closer to home for family vacations. "What applies elsewhere doesn't track here," Hammer said. "We've heard about the 'staycations' instead of taking trips, but they go to the fair here regardless. It's not like they were new visitors ...they are regulars that come here all the time."

Brad Paisley was a virtual sell-out in the 13,000-seat grandstand, with 12,963 seats sold. "All we had left was obstructed-view seats," Hammer said.

Rock band 3 Doors Down also nearly filled the grandstand with 12,086 seats filled in a show opened by Staind. The band also commanded the highest ticket prices at \$55, \$45 and \$30, compared to \$43 for Paisley.

Other shows, attendance and ticket prices were Backstreet Boys, 8,687, \$27; Jonny Lang with Buddy Guy and Big Head Todd and the Monsters, 8,993, \$33; Dierks Bentley and Miranda Lambert, 8,258, \$28; Paramore, 5,222, \$28; Gnarl Barkley, 2,831, \$29; Mark Schultz, 3,594, \$26; "A Prairie Home Companion" with Garrison Keillor, 7,378, \$25 and \$20; The Black Crowes, 4,625, \$25; and Toby Keith, 10,132, \$48.

Keillor's appearance went well despite the fact that he performs a weekly show in St. Paul at the Fitzgerald Theater. "It's such a good relationship with them and a lot more people can see them at the fair," Hammer said. "It's a tough ticket at the Fitz. The theater's seating is in the low hundreds."

The fair paid approximately \$2.5 million for the acts, about the same as last year, and the shows grossed \$3 million, not including parking and concessions.

Food sales were similar to last year, Hammer said, with the \$2 million increase in food and beverage gross attributed to some vendors raising their prices in order to keep up with the economy. "Commodities are going through the roof," Hammer said.

Two of the new food offerings coincidentally featured bacon, Hammer said. One was chocolate-dipped bacon served cold and priced at \$5. Another item was called "Big Fat Bacon" and featured one third of a pound of bacon on a stick with glaze and molasses. "It was really good," Hammer said.

This year, fairgoers could go to the Web site and make a PDF of their own personalized schedule that they then could print out and take with them to the fair. "It was a huge effort to get that done, but it worked out well," Hammer said. "We had a lot of good response to it."

The fair spent \$605,000 on marketing and \$881,000 in advertising, the latter of which represented a more than \$100,000 increase over last year's \$775,000. The budget was \$1.5 million.

"Ad rates went through the roof with an election year," Hammer said. "By law, broadcasters are required to offer the best rates to political candidates so they raise the rates for everybody else." The Minnesota State Fair also had to compete with advertising time for the Olympics, which were ending just as the fair began.

At the other end, the fair had to compete with another show that came to town, the Republican National Convention. "That presented some logistical issues," Hammer said. "Part of our police force are officers with the St. Paul Police Department, so they weren't around the last few days. But we were expecting that, so we supplemented."

"Plus we also had some issues with some vendors" who wanted to sell items at the convention. "But most of them figured that the fair has been here a long time, so most of the vendors went for the big score."

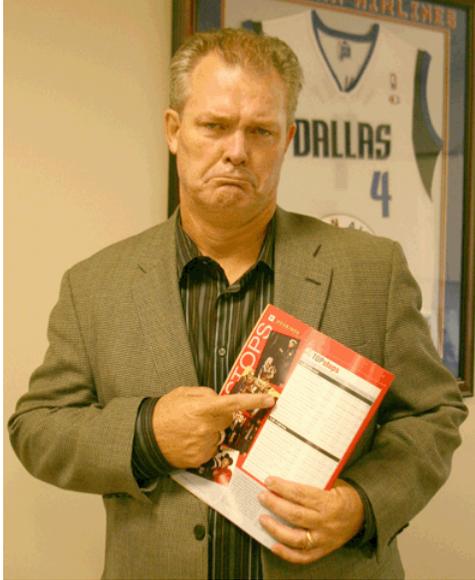
The independent midway featured 68 rides, Sinclair said - 36 on the regular midway and 32 on the "kidway." The top ride was the Crazy Mouse spinning roller coaster, owned by S.J. Entertainment.

The ride gross of \$5,508,142 also includes games, Sinclair said.

Next year's dates are Aug. 27-Sept. 7. — Mary Wade Burnside

Interviewed for this story: Jerry Hammer and Jim Sinclair, (651) 288-4400

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CONCESSIONS NEW FRANCHISES OFFER CONCESSIONS OPPORTUNITIES



Christine Mudd of Frandeavor and Mike Tully of Aramark.

KANSAS CITY, MO. — A new generation of startup franchises are looking to move into the venue market, creating an opportunity for venue managers to diversify their concessions, said two panelists at IAAM's Arena Managers Conference here.

"People look for brands because they offer a consistent high level of quality and customers tend to develop a loyalty to their favorite brands," said Mike Tully of Aramark. "There's an advantage that branded products

have over non-branded products. No matter where consumers are, they're looking for something familiar.”

But buying into big name brands like Starbucks or Taco Bell can come with high franchise prices. Consultant Christine Mudd of Frandevor has come up with a list of new franchises that can move into facilities at a reduced rate. She said innovative startups that can adapt to non-traditional environments and be flexible with costs and space, all four charging a \$12,500 franchise fee, are:

Froots – A smoothie chain that serves as a quick-service restaurant with healthy options like wasabi chicken wraps and beef and blue cheese salads. Froots provides branded kiosks, with build-out costs ranging from \$95,000 to \$275,000 and a royalty fee at six percent.

Salad Creations – This kiosk operation can squeeze into 250 sq. ft. of space, offering patrons customizable salads with 40 toppings to choose from, along with 10 pre-made salads. Build-out costs run from \$124,000 to \$383,000 with a royalty fee of six percent and an advertising fee at three percent.

The Cravery – The Cravery sells handheld pot pies with a modern twist, including flavors like pizza supreme and chipotle chicken. The franchise made its venue debut at the Los Angeles Coliseum for the Sept. 14 University of Southern California vs. Ohio State game. Start up costs vary depending on size, although Mudd said the chain can go into spaces as small as 200 sq. ft. Its 1.5 percent advertising fee is one of the most competitive in the business.

J. Gumbo's – Offers southern food with a Cajun flair, including bayou favorites like jambalaya and cheesy etouffee red beans and rice. The portions are giant, and the operation requires no baking, frying or grilling. Build-out costs range from \$147,000 to \$300,000.

Mudd said that most franchises will provide equipment support to maintain brand integrity. “We also see a lot of startups making sponsorship deals with the venue to offset some of the operational costs, although sometimes marketing money comes from a different silo than operations.”

When picking a franchise partner, the key is to find someone who can handle the volume with prompt speed and service.

“Check to see if they operate in other non-traditional locations and make sure they have quarterly sales revenues of at least \$1 million,” Mudd said.

As far as the next trend in franchise growth, Mudd said expect to see more grab-and-go locations with prepared foods like sandwiches and salads, along with bottled drinks. While grab-and-go continues to grow in the nation's airports, it has yet to really catch on in venues. — Dave Brooks

Interviewed for this article: Mike Tully, (708) 352-3201; Christine Mudd, (949) 887-5052

HOTTickets

HOT TICKETS is a weekly summary of the top acts and ticket sales as reported to VT PULSE. Following are the top 20 concerts and events, the top 5 in each seating capacity category, which took place since Aug. 26, 2008.

NEW COLTS STADIUM PACKS A CONCERT PUNCH WITH CHESNEY

15,001 or More Seats 10,001-15,000 Seats 5,001-10,000 Seats 5,000 or Less Seats

1) Kenny Chesney Gross Sales:	1) Disturbed Gross Sales:	1) Enrique Iglesias, Aventura	1) Luis Miguel Gross Sales:
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\$3,835,609; Venue: **Lucas Oil Stadium, Indianapolis;** Attendance: 50,528; Ticket Range: \$99.50-\$28.50; Promoter: AEG Live, The Messina Group; Dates: Sept. 13; No. of Shows: 1

2) **Celine Dion**
Gross Sales: \$2,246,374; Venue: **Wachovia Center, Philadelphia;** Attendance: 18,061; Ticket Range: \$185-\$46.50; Promoter: AEG Live, Concerts West; Dates: Sept. 5; No. of Shows: 1

3) **Celine Dion**
Gross Sales: \$1,381,696; Venue: **HSBC Arena, Buffalo, N.Y.;** Attendance: 16,343; Ticket Range: \$136.50-\$45; Promoter: AEG Live, Concerts West; Dates: Sept. 3; No. of Shows: 1

4) **Tom Petty & The Heartbreakers**
Gross Sales: \$1,133,412; Venue: **American Airlines Center, Dallas;** Attendance: 14,520; Ticket Range: \$99-\$55; Promoter: AEG Live, Concerts West; Dates: Aug. 27; No. of Shows: 1

5) **Kenny Chesney**
Gross Sales: \$1,124,087; Venue: **Ford Amphitheatre, Tampa, Fla.;** Attendance: 19,410; Ticket Range: \$80-\$41.75; Promoter: AEG Live, Live Nation, The Messina Group; Dates: Aug. 29; No. of Shows: 1

\$350,493; Venue: **Brisbane Entertainment Centre;** Attendance: 6,075; Ticket Range: \$63.89; Promoter: Frontier Touring Company; Dates: Sept. 2; No. of Shows: 1

2) **Disturbed**
Gross Sales: \$264,401; Venue: **Vector Arena, Auckland, New Zealand;** Attendance: 5,838; Ticket Range: \$56.39; Promoter: Frontier Touring Company; Dates: Sept. 10; No. of Shows: 1

3) **El Cabello Blanco**
Gross Sales: \$263,526; Venue: **Brisbane Entertainment Centre;** Attendance: 4,470; Ticket Range: \$75.88-\$36.13; Promoter: Equestrian Entertainment; Dates: Sept. 14; No. of Shows: 1

4) **Judas Priest**
Gross Sales: \$215,804; Venue: **Journal Pavilion, Albuquerque, N.M.;** Attendance: 7,015; Ticket Range: \$125-\$20; Promoter: Live Nation; Dates: Aug. 27; No. of Shows: 1

5) **Judas Priest**
Gross Sales: \$194,713; Venue: **Brisbane Entertainment Centre;** Attendance: 2,140; Ticket Range: \$115.69-\$44.93; Promoter: Dainty Consolidated Entertainment; Dates: Sept. 10; No. of Shows: 1

Gross Sales: \$294,595; Venue: **Dodge Arena, Hidalgo, Texas;** Attendance: 3,265; Ticket Range: \$139-\$49; Promoter: Trevino Productions; Dates: Sept. 5; No. of Shows: 1

2) **Lisa Lampanelli**
Gross Sales: \$263,820; Venue: **Radio City Music Hall, New York;** Attendance: 5,894; Ticket Range: \$55-\$35; Promoter: Live Nation, MSG Entertainment; Dates: Sept. 13; No. of Shows: 1

3) **Backstreet Boys**
Gross Sales: \$223,234; Venue: **Brandt Centre, Regina, Saskatchewan;** Attendance: 4,340; Ticket Range: \$55.63-\$35.06; Promoter: Live Nation; Dates: Aug. 30; No. of Shows: 1

4) **Disturbed**
Gross Sales: \$199,161; Venue: **Newcastle Entertainment Centre;** Attendance: 3,709; Ticket Range: \$59.11; Promoter: Frontier Touring Company; Dates: Sept. 4; No. of Shows: 1

5) **Goldfrapp**
Gross Sales: \$173,140; Venue: **Radio City Music Hall, New York;** Attendance: 3,086; Ticket Range: \$70.50-\$35; Promoter: Live Nation, MSG Entertainment; Dates: Sept. 12; No. of Shows: 1

\$2,519,422; Venue: **The Colosseum at Caesars Palace, Las Vegas;** Attendance: 16,490; Ticket Range: \$227.27-\$86.36; Promoter: AEG Live, Concerts West; Dates: Sept. 12-15; No. of Shows: 4

2) **Tyler Perry's "The Marriage Counselor"**
Gross Sales: \$412,043; Venue: **Fox Theatre, Atlanta;** Attendance: 7,866; Ticket Range: \$56.50-\$49.50; Promoter: Peachez, Inc.; Dates: Sept. 12-14; No. of Shows: 4

3) **Chris Rock**
Gross Sales: \$310,248; Venue: **Paramount Theatre, Seattle;** Attendance: 5,624; Ticket Range: \$72.50-\$42.50; Promoter: Live Nation, In-House; Dates: Aug. 27-28; No. of Shows: 2

4) **Chicago**
Gross Sales: \$283,446; Venue: **The Mountain Winery, Saratoga, Calif.;** Attendance: 3,901; Ticket Range: \$85-\$49.50; Promoter: Live Nation; Dates: Aug. 29-30; No. of Shows: 2

5) **Radiohead**
Gross Sales: \$267,699; Venue: **Santa Barbara (Calif.) Bowl;** Attendance: 4,831; Ticket Range: \$62-\$43; Promoter: Nederlander; Dates: Aug. 28; No. of Shows: 1

Compiled by Rob Ocampo and Josh Huckabee. To submit reports, e-mail HotTickets@venuestoday.com or fax to (714) 378-0040.

THE BEAT

NAMING RIGHTS

WILL ECONOMIC UNCERTAINTY SLOW NAMING RIGHTS?

As financial institutions stumble over their exposure in subprime loans, automotive sales continue to falter, and airlines struggle to stay aloft, how will naming rights deals fare?

"It is a gathering storm," said William Dorsey, executive director of the Association of Luxury Suite Directors. "The sports industry has not seen too much effect yet, but I believe it will trickle down."

"You would think the economy would have an impact, but we haven't seen backlash yet," Dick Sherwood, president of Front Row Marketing said.

In 2007, Front Row Marketing generated more than \$25 million in naming rights and sponsorship revenue for its clients, Sherwood said. And while deals are taking a bit longer, and more perks are sweetening the pot, deals are still closing.

"The teams are trolling for customers on a continual basis now," Dorsey said. "Renewal is the new business model."

But Sherwood believes sponsorship remains a good deal - especially for banks, which often service the venue's financial needs and underwrite financing for construction as part of the deal.

Dorsey sees some bright spots, as well.

"Oil cities are all doing very, very well," Dorsey said. "And Washington D.C., where so much is based on relationship marketing, is doing fine."

But Peter S. Cohan, author and president of Peter Cohan Associates in Marlborough, Mass., thinks naming rights deals are the next bubble waiting to burst. He points to Citigroup's 20-year, \$400 million deal for the New York Mets' new stadium, which is scheduled to open in 2009, but comes at a time when the bank posted losses of more than \$17 billion over the last year.

"It's stupid when they are losing billions of dollars," said Cohan. "It is the perfect example of what to cut to save capital, and it would be symbolic for shareholders - our egos are in perspective."

Paying big money for naming rights is the kind of management complacency that leads businesses into failure, he said.

"It is a manifestation of how management looks at business," Cohan said. "It is a huge ego trip. There are some market benefits - the luxury suites, the prestige in a community. It makes managers think they are running the business right, while they ignore information that may show change in the industry."

He said far more research should be done on these deals' return on investment.

Sherwood said there have been ego deals in the past, but these days, the chairman of the board and the president are under more scrutiny, and the board, shareholders, and employees all make sure the fundamentals are there.

"There is an old adage that when things are bad, you need to advertise more," Sherwood said. "If that's true, naming rights are a good value."

Dorsey said the NFL was still making healthy deals, and the NBA was holding its own. Baseball was seeing more of an impact, simply because there are so many more games.

"The number one ingredient to long value is television, along with onsite attendance, the size of the market, and goodwill in the community," Sherwood said.

He said the average deal offers exposure that is worth four to six times what they paid for the rights. In large television markets - like New York - the numbers are higher. The same goes for deals that bring a high number of eyeballs, like National Football League games.

"For the NFL, it's 10 to 1," Sherwood said. "In Houston, a \$12 million a year deal is valued at \$100 million. That is why these deals are working, and the numbers are growing." - Liz Boardman

Interviewed for this article: Peter S. Cohan, (508) 460-9348; Dick Sherwood, (215) 389-9516; Bill Dorsey, (513) 674-0555

ON THE MENU

REPUBLICAN NATIONAL CONVENTION

SEPT. 1-4

XCEL ENERGY CENTER, ST. PAUL, MINN.

Caterer: Wild Side Catering, the exclusive caterer for Xcel Energy Center and the St. Paul RiverCentre

Terms: Wild Side was given the catering contract for 95 percent of the event, said catering director Michael Myers. Centerplate handled the concession stands.

“The way they do it, they felt it was too big for any one organization,” Myers said.

They estimate that \$160 million comes into the community from the event,” he said. “I have no idea what they spend on the facility. Our buildings were shut down for 70 days. For us, it was doubly expensive because we weren’t able to operate during that window. They negotiate on everything and you’re trying to stay above water. Whether or not it was profitable for us, we still don’t know.”

The contract included the press area in the RiverCentre, the ballrooms and most of the suites. He estimated he serviced about 50 catered events a day with a continental breakfast and VIP buffets in most of the suites. Wild Side also maintained exclusivity for alcohol service.

Product: “An incredible amount of product is donated,” Myers said. “One beer manufacturer donated a truckload of alcohol, and we sent back a lot of product. There might have been 50 pallets of beer, but I doubt we served one entire pallet of beer.”

The drink of choice was coffee, with Myers’ team serving over 280,000 cups over the four-day event. They also served two tons of beef tenderloin, one ton of chicken and hundreds upon hundreds of black and white truffles. Vodka martinis were the event’s drink du jour.

“We even had a state fair menu that included cheese curds, pronto pups (hot dogs dipped in batter) and mini-donuts. People loved it,” he said.

Staff: The typical staff of 300 was bumped up to 600. Most worked 12-hour days, with 43,200 man-hours completed by service personnel. Centerplate brought 300 people.

“We had the FDA and local health inspectors constantly checking on the safety of the food, taking temperatures constantly,” Myers said. “There was an estimated 40,000 in attendance and not one thing was held or came back out of all that food.”

“I think everyone in our company said it was worth it,” said Myers. “You don’t do this because there’s some big pot of gold at the end, because there isn’t. You have the opportunity to showcase your company and facility to the world.” — Dave Brooks

Interviewed for this story: Michael Myers, (651) 726-8822